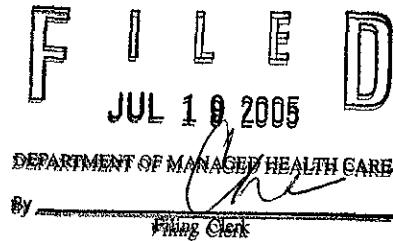


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8 Attorneys for Complainant



10 BEFORE THE DEPARTMENT OF MANAGED HEALTH CARE
11 OF THE STATE OF CALIFORNIA

12 IN THE MATTER OF:) DMHC No.: 04-459
13 INTERNATIONAL ASSOCIATION OF) OAH No.:
14 BENEFITS, INC.,)
15 Respondent.)

16 **TO: International Association of Benefits**
17 **701 Highlander Boulevard, Suite 500**
Arlington, TX 76015

18 The Department of Managed Health Care (the "Department") has determined that
19 International Association of Benefits ("IAB") is operating as a health care service plan
20 within the meaning of Health and Safety Code sections 1345(f) and 1399.5. IAB has
21 represented to the Department that will file an application for licensure with the Department.
22 Based thereon, the Department makes the following order.

23 **IT IS HEREBY ORDERED:**

- 24 1. On or before September 23, 2005, IAB shall contact the Department and
25 obtain a login identification number and a password in order to
26 electronically submit an application for licensure under the Knox-Keene
27 Health Care Service Plan Act of 1975, as amended, Health and Safety
28 Code section 1340 *et seq.* (the "Knox-Keene Act").

A handwritten signature or set of initials in the bottom right corner of the page.

2. On or before October 31, 2005, IAB shall file an application for licensure under the Knox-Keene Act and, if applicable, provide sufficient proof to establish an exemption or waiver pursuant to Health and Safety Code sections 1343(b) and/or 1343.5.
3. After the application for licensure is filed, IAB shall demonstrate efforts, satisfactory to the Department, to timely resolve all issues identified by the Department in the licensing process and complete the licensure process in a timely manner.
4. Within thirty (30) calendar days of the issuance of this Order, IAB shall implement operational changes necessary and sufficient for full compliance with the requirements of Health and Safety Code sections 1365(a), 1365.5, 1366, 1367(b), (c), (d), (e)(1), (f), (g) and (h)(1); 1368.02(b), 1373(a), 1379, 1381, 1384(a), (d) and (f); 1385 and 1395.
5. Within thirty (30) calendar days of the issuance of this Order, IAB shall establish and submit to the Department for approval a grievance system in compliance with Health and Safety Code sections 1368 and 1368.01, and California Code of Regulations, title 28, section 1300.68, as applicable.
6. Within thirty (30) calendar days of the issuance of this Order, IAB shall revise, as necessary, all of its materials provided to or made available to IAB's members for full compliance with the requirements of Health and Safety Code sections 1363 and 1363.1, and California Code of Regulations, title 28, sections 1300.63, 1300.63.1, 1300.63.2 and 1300.67.4, as applicable.
7. Within thirty (30) days of the Department approving IAB's grievance process established pursuant to paragraph 5 above, IAB shall distribute all materials revised pursuant to paragraph 6 above, including disclosure of the grievance process approved by the Department.

- 1 8. Commencing on September 1, 2005, and continuing each month
2 thereafter until the licensure process is completed, IAB shall submit to
3 the Department a monthly report of all complaints by California
4 members, including the reason for each complaint and the disposition of
5 each.
- 6 9. Within thirty (30) calendar days of the issuance of this Order, IAB shall
7 submit for the Department's prior review and approval any and all
8 advertising and marketing materials to be used in connection with the
9 sale of memberships in IAB and demonstrate compliance with Health
10 and Safety Code sections 1360, 1361 and 1360.1.
- 11 10. Effective immediately, IAB shall not sell or offer any insurance product
12 or coverage under any group policy in connection with the sale of
13 memberships in IAB.
- 14 11. Within thirty (30) calendar days from the date of the issuance of this
15 Order, IAB shall demonstrate to the satisfaction of the Department, that
16 IAB is providing a quantifiable and non-illusory benefit to its members
17 in California.
- 18 12. The Department may extend the time during which IAB may do any act
19 enumerated herein if it is satisfied that IAB is making reasonable
20 progress, but this provision shall not create any obligation, promise or
21 expectation that time will be extended, nor shall the fact that the
22 Department extends time once create any expectation that it will do so
23 again.

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- 2 13. The failure of any condition required during the licensure process, or as
- 3 listed above, may result in the issuance of a Cease and Desist Order, as
- 4 the Department deems necessary.
- 5 14. Unless terminated sooner or otherwise ordered, this Order shall
- 6 automatically terminate upon the Department's issuance of a license,
- 7 under the Knox-Keene Act, to IAB.
- 8

9 Dated: July 19, 2005

LUCINDA EHNES, Director
Department of Managed Health Care

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13 By: 

Amy L. Dobberteen
Assistant Deputy Director
Department of Managed Health Care

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